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Chairman: Mr. Koudelka (Vice-Chairman) ..... (Czech Republic)

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In the absence of Mr. Wali (Nigeria), Mr. Koudelka (Czech Republic), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 57: Operational activities for development (A/60/3, A/60/111, A/60/125-E/2005/85 and A/60/125/Add.1-E/2005/85/Add.1)

(a) Operational activities for development of the United Nations system (A/60/74-E/2005/57, A/60/83-E/2005/72 and A/60/274)

(b) South-South cooperation: economic and technical cooperation among developing countries (A/60/39 and A/60/257)

1. **Mr. Civili** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs), introducing the reports of the Secretary-General on funding options and modalities for financing operational activities for development of the United Nations system (A/60/83-E/2005/72) and on comprehensive statistical data on operational activities for development for 2003 (A/60/74-E/2005/57), recalled that the Economic and Social Council had taken note of the first report, confirmed that the new format of the second report should be used in future editions and provided guidance to the Secretariat with regard to refining the data presented. A publication entitled "Funding for United Nations Development Corporation: Challenges and Options", based on the two reports, was being distributed to Committee members.

2. The current consideration of the two reports by the Committee was timely. The World Summit Outcome clearly identified the key challenges faced by developing countries and the international community as a whole in implementing the development agenda drawn up at the Millennium Summit and global conferences. The United Nations system was expected to play a dynamic role in the implementation of that agenda worldwide by monitoring progress in the Council and the General Assembly and at the country level through its operational activities for development. Therefore, the resources available for financing such activities acquired new relevance and the scope and quality of statistical data took on increased importance as a means for facilitating deliberations at the central intergovernmental level.

3. The panel on funding United Nations development cooperation, which had met during the 2005 session of the Council, had highlighted the complex issues addressed in the reports. Although the political will of donor and recipient countries was a key to securing adequate funding, funding modalities were important. While change was necessary, there were no easy ways of ensuring adequacy, predictability and efficiency in funding United Nations development cooperation and no generalized solution could easily be applied across the system. Innovation was necessary for maximizing results and impact. It was essential to continue to explore new ways of addressing past inadequacies with realism and with the vision conveyed by the World Summit Outcome. The ongoing debate on specific ways in which the intergovernmental machinery would monitor the implementation of that document, particularly through a renewed role for the Economic and Social Council, was encouraging.

4. The Council, and in particular the proposed development cooperation forum, must address multilateral and bilateral development cooperation in a comprehensive manner. The comments of the members of the Committee would provide the Department of Economic and Social Affairs with guidance on how best to support in 2006 the triennial comprehensive policy review which the Economic and Social Council would launch under paragraph 23 of General Assembly resolution 59/250.

5. **Ms. Bertrand** (Joint Inspection Unit), introducing the report of the Joint Inspection Unit (JIU) on some measures to improve overall performance of the United Nations system at the country level, Part I and Part II, transmitted by the Secretary-General (A/60/125-E/2005/85 and A/60/125/Add.1-E/2005/85/Add.1), said that the report's findings and recommendations were useful in the light of the World Summit Outcome and complemented the 2004 triennial review and the management process described in the Secretary-General's report to the Council on that review (E/2005/58). Part I of the report provided a short history of United Nations reform proposals, particularly on development cooperation, many of which were based on work funded with both core and extrabudgetary resources and deserved to be re-examined and made available in an electronic inventory. In view of the unity of purpose and action expected from the United Nations system and from development cooperation partnerships, part II of the

report addressed selected issues regarding operational activities on the ground, especially with regard to policy consistency and coordination. Parts I and II contained 19 specific recommendations that aimed at system-wide change conducive to cost-effective work and reflected four main thrusts.

6. Firstly, a culture of partnership should be fostered for improved analysis, planning and programme implementation. The alignment of the programme, quality checks, Common Country Assessments (CCAs) and United Nations Development Assistance Frameworks (UNDAFs) with national development plans and poverty reduction plans, or sector and thematic plans where they existed, should be strengthened, and capacity-building and assistance should be provided in order to improve national plans. Harmonization and alignment should be promoted in line with the Paris and Rome Declarations. Authority should be delegated to the field to ensure a better response to country needs, quicker and more appropriate commitment of funds and more effective cooperation with national, United Nations and bilateral cooperation partners.

7. Secondly, the field presence should be rationalized. The role and accountability of the United Nations Resident Coordinator and the resident representative of the United Nations Development Programme (UNDP) should be clearly established. The buy-in of all United Nations system partners and their programmatic presence on the ground would enable UNDP to fully realize its potential. Joint offices should be set up, authority delegated and skills re-profiled in order to reduce transaction costs. Surprisingly, only two joint offices had been established.

8. Thirdly, transparency must be enhanced. The creation of country websites providing information on United Nations system presence and donor funding should be encouraged. An inter-agency task force should be set up to deal with the issue of fund-raising.

9. Fourthly, progress in operational activities for development must be monitored. The fact that many of the issues raised in the report had been addressed in various resolutions, decisions and guidelines and in the triennial reviews did not necessarily mean that improvements had actually been implemented on the ground.

10. **Mr. Fareed** (Director of the secretariat of the United Nations System Chief Executives Board for Coordination (CEB)) introduced the advance unedited text of a note to be issued as document A/60/125/Add.2-E/2005/85/Add.2, containing comments by the Secretary-General and members of CEB on the Joint Inspection Unit report (JIU/REP/2005/2).

11. Ultimately the effectiveness of technical assistance programmes and capacity-building activities by organizations of the system could be judged only by their impact at the country level. While CEB members attached great importance to the report and appreciated the work involved, some organizations felt it did not fully reflect the consultative process. With regard to recommendations aimed at improving perceived shortcomings in the system, there was no cut-off point at which any of the efforts discussed could be considered as completed. Since 1978, when current arrangements had been established, everything had changed at the policy, field and funding levels. Moreover, many of the principles and policies put forward in the report had already been addressed in General Assembly resolution 59/250, whose implementation had been supported by the report of the Secretary-General to the Economic and Social Council on the relevant management process (E/2005/58). In fact, the issues addressed in the report were the subject of intense ongoing discussions in the United Nations system within the framework of the High-Level Committee on Programmes (HLCP), the United Nations Development Group (UNDG) and related processes in the Council and the General Assembly. The United Nations system and Member States seemed to have anticipated the outcome of the report and were building consensus around the most appropriate approaches to enhancing country-level work. The report provided support for such efforts.

12. CEB members agreed that emphasis on inter-agency policy coordination was indispensable for greater country-level effectiveness and concurred in many recommendations contained in the report, but were at variance with some others. In particular, recommendation 4 should be re-examined because the proposed "single core country analysis" might be too limiting. Recommendation 11, requesting executive heads to report to their respective governing bodies on the advancement of the simplification, harmonization and alignment agenda, and recommendation 17, on UNDG reporting to the proposed task force on operational activities, should be streamlined to avoid redundancy. The proposal for a task force on

operational activities would create yet another coordination body and had dubious merit. The review of grade structures and skills profiles of field staff, proposed in recommendation 14, could well find that the current staffing situation was appropriate. In view of the administrative, technical and political difficulties of identifying possible pilot countries for joint offices, the pursuit of recommendation 15 might prove less productive than had been envisaged. Regarding recommendation 16, office consolidation often failed to reduce transaction costs and did not lead automatically to coherence of policy or action. In fact, as pointed out by FAO and WHO, transaction costs often increased if there was a single office. The inter-agency task force on fund-raising for extrabudgetary non-core funding proposed in recommendation 19 would be redundant. Fund-raising was a complex matter and should be addressed as part of the broader issue of mobilizing resources. Lastly, the Paris and Rome processes were constructive but the resources required for their implementation at country level could well be unavailable.

13. **Ms. Sandler** (Deputy Director for Programmes, United Nations Development Fund for Women (UNIFEM)), introducing the report on UNIFEM activities for 2004 transmitted by the Secretary-General (A/60/274), said that the challenges and opportunities for achieving gender equality and women's empowerment were relevant to all of the substantive issues considered by the Committee. The current year had been critical to building knowledge on and commitment to gender equality and women's empowerment worldwide. The ten-year review of the Beijing Platform for Action, the five-year review of the Millennium Summit and the five-year anniversary of Security Council resolution 1325 (2000) had highlighted mutually reinforcing messages. The international community must be unswerving and coordinated and build collective accountability at the country level. Throughout 2005, the dialogue had been dominated by three principles underscored in General Assembly resolution 59/250: poverty and inequality eradication; commitment to aligning support with national priorities and ownership; and emphasis on coordination and harmonization. UNIFEM was co-hosting with the European Communities a three-day meeting in Brussels on strategies for mainstreaming gender equality into the aid effectiveness agenda at the country level. In fact, most countries had national plans for women's advancement that needed to be incorporated into such overarching frameworks as poverty reduction strategies and sector-wide approaches.

14. UNIFEM focused on building local capacity and regional expertise in order to enable countries to mainstream gender into development assistance management. In particular, the Fund supported the following activities: building capacities in gender-responsive budgeting at national and local levels in 34 countries; building capacities in using sex-disaggregated data for public policy formulation in 18 countries; developing common indicators to track progress on the Millennium Development Goals, the Convention on the Elimination of All Forms of Discrimination against Women and the Beijing Platform for Action; implementing the Convention in line with national priorities in 20 countries; and strengthening regional networks and institutions so that capacities continued to grow long after specific programmes had ended.

15. With regard to the triennial review, coordination, simplification and harmonization should be complemented with specific budgets, performance indicators and guidance. Accordingly, UNIFEM gave priority to gender mainstreaming in such processes as the UNDAFs and the work of UNDG. Within the United Nations country teams, UNIFEM provided technical expertise, contributed to analysis, involved national experts on gender equality and promoted coordinated action. It was a leading advocate for strengthened gender theme groups. A resource guide produced in 2004 by an inter-agency task force led by UNIFEM was currently used by UNDP to train such groups in 45 countries. As a follow-up to the triennial review, UNIFEM chaired a task force on gender equality for UNDG. The Fund analysed accountability mechanisms across United Nations organizations with the United Nations Population Fund (UNFPA); assessed support for gender equality in UNDAFs with a view to strengthening UNDAF training for country teams; and planned to build with UNDP a system-wide database on gender equality consultants.

16. The 2004 organizational assessment on UNIFEM (A/60/62-E/2005/10) had identified in gender equality entities, including UNIFEM, a triple deficit (authority, resources and ability to use available technical expertise and networks to promote development) which threatened progress on gender equality within the United Nations, in other institutions and at the country

level. Action on gender equality should be coordinated by mechanisms as effective as those devised for coordination on other critical issues, such as HIV/AIDS, and required adequate resources and appropriate accountability mechanisms.

17. **Mr. Gitta** (United Nations Development Programme (UNDP)), introducing the report of the High-level Committee on South-South Cooperation (A/60/39) on its fourteenth session held from 31 May to 3 June 2005, said that the discussions had highlighted the increased capacity of the South to contribute to the attainment of the Millennium Development Goals, as well as the increasing relevance of South-South efforts worldwide.

18. The policy and institutional environment needed for enhanced South-South cooperation was largely in place, while the scope for participation by the private sector and civil society had expanded. However, a strategic approach was needed to prepare developing countries to enter global markets and to gauge progress and constraints along the way. There had been tremendous growth in the involvement of the South in the international system over the past few years, across a wide range of issues, and the increase in experience of the front runners provided an opportunity for sharing knowledge and capabilities with other developing countries. South-South cooperation could play an increasing role in improved governance and in disaster management and prevention. The linkage between South-South cooperation and the Millennium Development Goals was therefore the overarching theme of the report.

19. The report of the Secretary-General on South-South cooperation (A/60/257) reflected the expansion of global political will in support of South-South cooperation and the recognition that South-South approaches were crucial and effective means for development, as evidenced by the significant rise in the number of regional and interregional arrangements created to achieve demonstrable socio-economic transformation across the South. The challenge would be to create mechanisms to coordinate South-South relations between the experts and the key policymakers in the different secretariats.

20. The United Nations system embraced the concept of South-South cooperation, owing to its cost-effectiveness, its development of indigenous solutions and its focus on experience gained through tried and proven strategies. However, a more coordinated approach was needed to identify and use Southern knowledge for development.

21. Triangular partnerships with the North and with the private sector were playing an increasing role in South-South cooperation. The growing role of the private sector in the South was underscored by the fact that trade among developing countries was now growing faster than their trade with the developed world. Nearly half the foreign direct investments of developing countries went to other developing countries. That reflected the increasing importance of Southern multinationals and it was hoped that a conference for those multinationals organized by the International Finance Corporation of the World Bank in Mumbai, India, in November 2005, would provide guidance on how the new South-South forces could be best harnessed to achieve all the Millennium Development Goals.

22. **Ms. Haycock** (United Kingdom), speaking on behalf of the European Union, said that the rapid, system-wide implementation of the triennial comprehensive policy review agreed in 2004 remained a priority for the European Union, which planned to play an active part in the monitoring process. The review was the core text ensuring that the operational activities at the country level of the United Nations development system responded to national development plans, policies and priorities designed to achieve the Millennium Development Goals. The European Union itself remained committed to providing more and better development assistance for the achievement of the Goals.

23. The stability of the United Nations development system was weakened by the unpredictability of its financing. The Organization needed a common, coherent, demand-driven and strategic programming approach for all its development operations, coordinated with other multilateral partners and based on national processes and plans. Also, funding modalities needed to evolve to reflect changing times.

24. It would be useful if delegations could comment on how to enhance the pace of the reform of operational activities for development and implementation of the triennial review.

25. **Mr. Elfarnawany** (Egypt) asked for comments on measures to achieve simplification and harmonization, particularly since entities outside the

UNDG Executive Committee were involved in the process.

26. The 2005 World Summit Outcome had referred to system-wide coherence, mentioning the need for "tightly managed entities". He asked how CEB proposed to pursue that request and when it would present specific proposals.

27. Referring to the report of the Secretary-General on the implementation of recommendations in the 2005 World Summit Outcome for action by the Secretary-General (A/60/430), he asked how the Secretariat, UNDG and CEB planned to bring the proposals on system-wide coherence to the attention of Member States for their consideration.

28. Country-level indicators were currently being developed in coordination between United Nations agencies in the field and Member States. General Assembly resolution 57/270 B, on integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields, addressed the development of indicators at the system level under the guidance of the Statistical Commission with the full participation of Member States. His delegation would appreciate information on how the Secretariat was developing such indicators.

29. There appeared to be some reticence towards recommendation 17 in the report of the Joint Inspection Unit (A/60/125/Add.1-E/2005/85/Add.1) regarding the establishment of a task force on operational activities. However, it highlighted the importance of a more direct participation by Member States in the implementation and follow-up of General Assembly and Economic and Social Council resolutions on operational activities. The UNDG Executive Committees should increase the involvement of Member States in issues pertaining to operational activities on a more regular basis, not necessarily within the framework of the proposed task force but through more regular meetings on the different issues in that area.

30. **Ms. Bertrand** (Joint Inspection Unit), referring to the final comment made by the representative of Egypt, said that it illustrated the need for a more informed and continuous exchange of information between delegations and UNDG, and also CEB. The idea behind creating such a mechanism, which would not necessarily be a task force, was to have a regular dialogue that established a linkage with the executive boards of other organizations, outside the UNDG Executive Committee. Delegates who represented executive board members of other specialized agencies could act as information channels. In some cases, such arrangements were already in place and had made specialized agencies aware of their interest in taking part in the triennial review and the implementation of the management process.

31. With regard to the issue of increasing the pace of reform, more regular exchanges would provide a way of carrying the momentum to other parts of the United Nations system and guaranteeing more consistency in reflections and decision-making.

32. **Mr. Fareed** (Director of the secretariat of the United Nations System Chief Executives Board for Coordination (CEB)) said that the Secretary-General had recently met with CEB to discuss how to deal with the issue of "tightly managed" entities and had said that he would launch the process personally and report to the General Assembly.

33. A change was needed in the content of the reform rather than in its pace, and that involved transparency and a change in attitude. On the issue of information, the question was how the United Nations managed its information so that it was automatically accessible to Member States. There was an ongoing dialogue between Member States and Secretariat officials at certain levels, but an information deficit would always exist.

34. Coordination was not an end product but merely a part of the process. A process to revitalize the Economic and Social Council was under way and could be designed to address many of the current concerns. The issue of whether the dialogue with Member States should take place within the framework of the Council or of the Second Committee, or of both also had to be addressed.

35. The representative of Egypt had referred to the outcomes of the major United Nations conferences and summits, which included the Millennium Development Goals and other internationally agreed goals. All the goals were linked and therefore a broader approach was needed. One specific issue that merited the attention of Member States, and particularly recipient countries, was transaction costs; in other words, how much development assistance actually reached the developing countries and what was its impact.

36. **Mr. D'Angelo** (Department of Economic and Social Affairs), referring to the question on the implementation of the triennial comprehensive policy review, said that the Economic and Social Council would receive a progress report in July 2006 and, at that time, in response to a specific request of the Council, the management process would be updated with the progress achieved in each area. His Department was interacting with various United Nations bodies and agencies, such as UNDG and CEB, to ensure implementation of the provisions that were relevant for their respective actions. Many individual organizations, funds, programmes and some specific agencies were involved in ensuring follow-up to the review provisions.

37. Currently, all the agencies were conducting an intensive reflection on the implications of the 2005 World Summit and the policy review for their respective agencies and the system as a whole. Inter-agency initiatives were being taken in relation to capacity-building, evaluation, programme simplification and harmonization. The concern expressed by the representative of Egypt regarding the involvement of entities that were not represented in UNDG had been the subject of intense discussion, exploring ways to ensure system-wide participation in response to demands at the country level.

38. **Mr. Benmellouk** (Morocco) said the report of the Joint Inspection Unit on measures to improve overall performance of the United Nations system at the country level contained very important recommendations that should be studied by the Assembly. In recent years, the activities at the country level of some agencies had overlapped and, at times, agencies had been operating in sectors outside their area of competence, with adverse effects on results. It was essential to define the role and functions of each United Nations agency based on its comparative advantages and mandate.

39. Recommendation 15 on the establishment of a joint United Nations office in some countries could save significant resources for both the United Nations system and the host country. However, any development of that type required action at the intergovernmental level, by the Economic and Social Council and by the General Assembly. The countries themselves should first be consulted, because each country had specific needs; also, it was necessary to ensure that the mechanism did not lead to increased bureaucracy.

40. Trade was an engine for development and wealth creation. The efforts of the international community in the area of ODA and debt relief would achieve the expected results only if market access was improved. All recent United Nations summits and conferences had recognized the need and urgency of helping developing countries to increase their productive and export capacity. He would be interested to learn what the United Nations system was doing to implement its commitments in that area at the country level, in the absence of United Nations national focal points on trade and development, and how more importance could be given to the trade component in cooperation and technical assistance programmes.

41. **Mr. Leglise-Costa** (France) expressed disagreement with CEB and support for the JIU proposals. The current period was crucial for the United Nations operational system for development: if it failed to fully grasp what was at stake, build on its unique advantages and implement badly needed reforms, it might become marginalized. The priority was to enhance efficiency at the country level. While there were a number of instruments in place, including the concept of resident coordinators, progress was very slow. He wondered whether the pace of progress to date was due to differences among the individual agencies, funds and programmes involved at the country level or to the failure of the Governments concerned to send the right message. It would also be interesting to know how the United Nations envisaged providing support to those countries that, pursuant to the 2005 World Summit decision, embarked on efforts to implement their national development strategies as of 2006 in order to meet the agreed development goals, including those contained in the Millennium Declaration, and how it was going to adapt its instruments to that end.

42. It was crucial to ensure that the system itself followed up on its decisions and activities and put in place adequate measures to ensure such follow-up. It was equally important to involve Member States in that effort; the Economic and Social Council was the main forum for collective reviews of any follow-up action. Turning to structural obstacles, he noted the need to develop a more predictable and stable financing system that would distinguish between administrative expenditure and programme-related expenditure and

identify financing required for country strategies. As for the future, apart from the internal structures, governance within the agencies, funds and programmes needed to be reviewed. There was a total disconnect between what was discussed at executive board meetings in Geneva, New York or Rome, which focused on single sectors, and the efforts under way to develop country strategies, including UNDAFs. Providing an appropriate forum for Member States and United Nations agencies to discuss a complete strategy with the countries concerned would have a significant impact on States and considerably improve the efficiency of the system.

43. **Ms. Bertrand** (Joint Inspection Unit) expressed support for the three issues raised by the representative of Morocco. On the issue of trade and development, she noted that UNCTAD had proposed the granting of priority to its programmes when drawing up country programmes. Trade should also be prioritized in the context of common country assessments and UNDAFs. As to the idea of establishing a single United Nations office at the country level, she suggested that, because of the lack of resources and the high costs of country programmes, individual United Nations agencies should negotiate administrative expenditures with the host countries. It would have been very interesting for the Committee to have received the individual comments of the various agencies on the JIU report, possibly including the fear of some agencies that UNDAFs were not fully taking into account their needs. She agreed with the French representative about the slow pace of progress. It was probably caused by the complex structures of the agencies, funds and programmes of the United Nations system and the competition among such bodies for, among other things, financing. That was one of the core problems, coupled with a lack of consistency and coherence among stakeholders. The issue needed to be considered in greater depth, which was why she had suggested establishing an inter-agency task force.

44. Follow-up was a priority for all Member States, especially in the context of a reform process that required information and full disclosure in real time. In that regard, as part of the proposed reform of the Economic and Social Council, Member States might wish to consider using the Council from time to time as a forum for conducting quality checks on the performance and continuing relevance of UNDAFs and CCAs, so as to ascertain whether those instruments were really aligned with nationally owned development, sector plans or poverty reduction strategies. It would indeed be interesting to have review meetings with specific beneficiary countries willing to share their experiences in dealing with the United Nations system on the ground, since they were the ultimate judges of how effective assistance had been and whether there had in fact been actual national ownership.

45. Since the original design of the United Nations bodies was perhaps no longer suitable or relevant, thought should be given to developing other more flexible mechanisms. Member States must be more willing to be open and critical in their efforts to move the development agenda forward.

46. **Mr. Fareed** (Director of the secretariat of the United Nations System Chief Executives Board for Coordination (CEB)) said that United Nations reform should take into account the views of all stakeholders. If the United Nations was indeed the umbrella of the system, the issue of non-representation of some specialized agencies and bodies in the General Assembly would have to be addressed.

47. Turning to trade and development, he noted that CEB was conscious of the point raised by the representative of Morocco. Indeed, the WTO Director-General had given CEB members an excellent briefing on the future of the Doha Round as well as on the forthcoming Hong Kong Ministerial Conference. However, it was Member States, not the system, that had primary responsibility for the implementation of the Doha Round. Moreover, the success or failure of the Hong Kong Conference depended on the agreements that would be reached by Member States. Programmes at the country level had to derive from national ownership. UNCTAD merely played an advisory role with respect to trade and financial issues.

48. While the idea of a single United Nations country office seemed good in theory, the benefits had not materialized in practice. However, coherence could be achieved in many other ways, including through a common payroll system which could result in considerable efficiency gains. In order for the United Nations to play its central role, its existing mechanisms would have to be strengthened. The Economic and Social Council would have to be converted into a standing body to review developments within the system. The recommendations in the JIU report all

seemed good; the problem was translating them into action and situating them in relation to the system. Many of those issues were being discussed in the General Assembly and elsewhere. He hoped that in the end a better and more transparent system would emerge.

49. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that the report of the Secretary-General on funding options (A/60/83) contained important insights on the need for increased financing. The fact that core resources had not grown significantly in nominal terms between 1996 and 2003 was of concern to the least developed countries, as they were not well equipped to attract "non-core" or "supplementary" resources. Those countries were also negatively affected by the dependence of specialized agencies on supplementary resources to maintain critical basic administrative and programme expenses.

50. All United Nations system development partners should mainstream the implementation of the Brussels Programme of Action for the least developed countries in their work programmes, and make every effort to increase their resource allocations to those countries. Implementation of the Programme of Action should be included in the agenda of the upcoming sessions of governing bodies as a contribution to the preparations for the comprehensive midterm review of the Programme in 2006.

51. The action programmes adopted in Brussels, Almaty and Mauritius had all recognized least developed countries and small island developing States as vulnerable groups that relied on the continued support of resident coordinators for their national implementation, and for expansion of their national capacities to ensure sound programming and prioritization.

52. With reference to agenda item 57 (b) on South-South cooperation, he said that the universally recognized economic, social, environmental and institutional vulnerability of the least developed, landlocked and the small island States made them most deserving in the context of renewed efforts for advancing South-South cooperation. Such cooperation should be an integral part of the international community's support for countries with special needs. An increasing number of developing countries had reached high stages of development and had become effective players in the global economy, with a number of excellent educational institutions and outstanding capacities and expertise in the areas of health, manufacturing, hi-tech industries, and information and communication technologies, research and development. Such cooperation had in fact been actively pursued in recent years, and additional support from traditional development partners in triangular cooperation mechanisms would result in greater dividends. He welcomed the decisions taken at the Second South Summit extending political and financial support to countries with special needs, and applauded the commitment of Qatar to allocate 15 per cent of its development aid to the least developed countries in 2006.

53. The private sector had emerged as the main source of FDI flows to developing countries. In that regard, greater effort should be made to expand public-private partnerships, and to explore the potential of civil society and NGOs in advancing South-South cooperation.

54. He outlined six areas identified by the Office of the High Representative, advocating continued focus on the most vulnerable groups, including the improvement of market access and transit transport, investment in infrastructure and export capacity, increased assistance to education, training, research and social sector development, and the establishment of food security arrangements.

55. **Ms. Mills** (Jamaica), speaking on behalf of the Group of 77 and China, said that the development entities of the United Nations system must be appropriately strengthened and empowered. The Group of 77 and China was studying specific recommendations put forward in document A/60/125-E/2005/85 and its addenda, and in the reports of the Secretary-General.

56. A focus on implementation that effectively translated decisions taken at the intergovernmental level into meaningful action at the country level was needed. The core issues involved action at the national level, including oversight arrangements to ensure monitoring at the intergovernmental level. Focus on the improvement of operational activities for development should also take into account the means of implementation, including the provision of adequate

financial resources, technology transfer and capacity-building in developing countries.

57. The United Nations system must be given adequate resources for assistance at the country level. It was a matter of increasing concern to the Group of 77 and China that there were still significant increases in supplementary funding, to the detriment of core resources for both administration and programme development. That trend jeopardized the long-term viability of operational activities for development.

58. South-South cooperation was multifaceted and activities had been undertaken at the national, regional and international levels. The Second South Summit had given tremendous impetus to strengthening and deepening cooperation among developing countries in health, education, energy, agriculture and infrastructural development. It was also important to have supportive policies and programmes, both within the United Nations system and in the wider global environment, to complement South-South initiatives. The United Nations system had a clear role in promoting South-South cooperation as a complement to North-South and triangular cooperation. She recognized the work of United Nations bodies and the UNDP Special Unit for South-South Cooperation in support of national efforts to strengthen South-South policy implementation.

59. The Group of 77 and China called on partners to support the trust funds dedicated to economic and technical cooperation among developing countries, which were in need of higher levels of resources. In keeping with the decision of the Second South Summit, the Voluntary Trust Fund for the Promotion of South-South Cooperation should be suitably empowered as the main multilateral funding mechanism for South-South activities.

60. The Group of 77 and China welcomed the decision of the UNDP Executive Board to include South-South cooperation among the "drivers of development effectiveness" in the multi-year funding framework, and the designation of 19 December as United Nations Day for South-South Cooperation.

61. Referring to the conclusions and recommendations in the report on the state of South-South cooperation (A/60/257), she said the Group of 77 and China agreed that strategies and mechanisms for the coordination of South-South cooperation should be strengthened. A coordinated approach by the United Nations system to maximize the use of Southern experts and institutions in advancing system-level South-South cooperation should be developed, and close cooperation between the Special Unit and intergovernmental and non-governmental organizations in the South should be pursued.

62. Positive developments in the area of South-South cooperation did not diminish the need for support from the wider international community. Such cooperation remained critical in trade, money and finance, and technology. Global systemic inequities which also limited the voice and effective participation of developing countries in economic decision-making and minimized the extent to which greater coherence and consistency could be brought to these policies had to be addressed within the wider context of enhancing cooperation between developed and developing countries.

63. Policy space in international economic relations was an important concept reaffirmed by the 2005 World Summit. The scope of domestic policies, especially in the areas of trade and investment, was constrained by international disciplines, commitments and global market considerations. The Group of 77 and China therefore stood ready to join the international community in according critical attention to that issue.

64. **Mr. Yao** Wenlong (China) said that General Assembly resolution 59/250 concerning the triennial comprehensive policy review of operational activities for development had set a course for future efforts in resource mobilization, capacity-building, coordination and efficiency, and in the resident coordinator system. Its implementation should be comprehensive, and priority should be determined by the importance and urgency of each activity so that progress might be achieved on all fronts. Over the next two years, resource mobilization should be a priority for the implementation of the resolution, and increased support should be provided for capacity-building in developing countries. At the field level, procedures should be streamlined, coordination among agencies enhanced, and cost-cutting and efficiency should be improved in the resident coordinator system.

65. Adequacy of resources, in particular core resources, was a prerequisite for the effective implementation of technical cooperation by the development agencies of the United Nations. An increase in donations was positive; however, the core

resources of a number of programmes and funds had failed to reach the expected targets for several years in a row, and the increase in core resources had fallen far below that of "non-core" resources. That trend posed a challenge to the ability of the United Nations development agencies to maintain the universal, neutral and multilateral nature of its technical assistance. The funds and programmes should formulate innovative ideas and actively explore new avenues to improve the composition and ratio of resources and achieve a stable and predictable increase in core and overall resources. Feasibility of the funding modality needed to be studied further; any modality adopted should not add to the burden of developing countries.

66. With respect to the reform of operational activities for development at the field level, the JIU report contained extensive recommendations on the future restructuring of the United Nations development system that required in-depth study by all parties concerned. Reform had a direct impact on cooperation with recipient Governments and coordination among field agencies. Reform at the field level must consider the special needs of recipient countries, and be pursued in a gradual and orderly fashion. The aim should be to ensure realization of the comparative advantages of relevant funds and programmes, and maximum benefit for recipient countries.

67. His delegation was pleased to note the remarkable development of economic and technical cooperation among developing countries in recent years. The 2005 World Summit had created new political momentum for South-South cooperation. The opportunity to explore innovative ideas and creative modalities for furthering such cooperation should be seized, with continued efforts to identify additional funding options. In the meantime, China noted the contributions made to the various trust funds and hoped that developed countries would place greater importance on supporting South-South cooperation by taking further initiatives and promoting triangular cooperation.

68. The Government of China had always encouraged economic and technical cooperation with other developing countries, and had taken the initiative to establish a number of cooperation mechanisms. At the 2005 World Summit, the President of China had announced five new measures to increase economic and technical cooperation in the areas of finance, debt, trade, capacity-building and public health.

The meeting rose at 1.05 p.m.